

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
COUNTY OF SAN BERNARDINO REDEVELOPMENT AGENCY, CALIFORNIA
AND RECORD OF ACTION**

June 22, 2004

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FROM: JOHN E. NOWAK, Redevelopment Administrator

**SUBJECT: FINANCING AGREEMENT BETWEEN THE COUNTY OF SAN BERNARDINO
AND THE REDEVELOPMENT AGENCY OF THE COUNTY OF SAN
BERNARDINO**

RECOMMENDATION: Approve the Financing Agreement between the County of San Bernardino and the County of San Bernardino Redevelopment Agency for an annual loan amount of \$1,860,000 for Fiscal Year 2004-05.

BACKGROUND INFORMATION: Since 1997 the County's Redevelopment Agency (CoRDA) entered into a Financing Agreement with the County of San Bernardino for a loan by the County to the CoRDA for the purpose of paying general administrative costs associated with the implementation of the San Sevaire Redevelopment Plan. The general administrative costs of the CoRDA vary annually, requiring that a financing agreement occur each year. California redevelopment law requires that a debt be incurred to finance the CoRDA's administrative obligations. The County loan is repaid by the CoRDA at the end of the fiscal year through the use of tax increment revenues.

The loan amount for FY 2004-05 is \$1,860,000, an increase of \$626,764 over the loan for FY 2003-04. The increase is due to the addition of a full-time Redevelopment Analyst position, two part-time graduate interns, other salary adjustments, and an increase in the amount of funds budgeted to conduct special studies and establish new project areas. In FY 2003-04 the budgeted special studies were for existing project areas and therefore were not included in the administration and planning costs. For FY 2004-05 the special studies relate to possible new project areas and are therefore included as administrative costs.

REVIEW AND APPROVAL BY OTHERS: This report has been reviewed by Deputy County Counsel Michelle D. Blakemore on June 14, 2004, and by the County Administrative Office, Patricia M. Cole, Administrative Analyst III, on June 14, 2004.

FINANCIAL IMPACT: The County will advance the funds in the amount of \$1,860,000 to the CoRDA to cover its FY 2004-05 general administrative costs. The County loan will bear an interest rate that is 1% greater than the County's pooled investment rate. The CoRDA will repay the County with tax increment revenue generated in the project areas during the fiscal year.

The loan will be repaid by June 30, 2005.

Record of Action of the Board of Directors

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COST RECOVERY REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's proposal and recommends the action based on the fact that the loan is required to permit the Agency to expend tax increment revenues on administrative costs, inasmuch as increment funds may only be used to repay debt.

SUPERVISORIAL DISTRICT(S): First, Second, Third, Fourth

PRESENTER: John E. Nowak, Redevelopment Administrator, (909) 381-7983.

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